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Quarterly Newsletter

Green Taylor Partners



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ATO finalises revised fixed rate for work from home expenses

Natasha Gardner

The Australian Taxation Office (ATO) has refreshed the way that taxpayers claim deductions for costs incurred when working from home.

The finalised PCG 2023/1 "Claiming a deduction for additional running expenses incurred while working from home" - ATO compliance approach remains broadly unchanged from the draft PCG issued in November 2022, however the start date to commence daily record-keeping has shifted to 1 March 2023.

Key changes between the previous and revised fixed rate are:

- an increased rate – from \$0.52 to \$0.67 per hour worked from home
- removal of the requirement to have a separate home office or dedicated work area.
- inclusion of phone and internet expenses as well as electricity and gas usage, computer consumables and stationery costs.
- taxpayers will now separately claim the decline in value of work-related equipment, office furniture, and any other running expenses not covered by the rate per hour.

Revised fixed-rate method

The revised fixed-rate method apportions the following additional running expenses you incur on a fair and reasonable basis by using a fixed rate of \$0.67 per hour for each hour you worked from home during the income year:

- energy expenses (electricity and gas) for lighting, heating, cooling and electronic items used while working from home
- internet expenses
- mobile and home phone expenses, and
- stationery and computer consumables.

The rate per hour calculates the total of your deductible expenses for energy, internet, mobile and home phone, and stationery and computer consumables for the income year.

This means you cannot claim an additional separate deduction for any of these expenses.

For example, if you use your mobile phone when you are working from home and when you are working from somewhere other than your home, your total deduction for mobile phone expenses for the income year will be covered by the hourly rate of \$0.67 per hour.

To calculate your total deduction for running expenses using the revised fixed-rate method, you:

- a) calculate the number of hours you worked from home during the income year based on your records
- b) multiply the total number of hours you worked from home during the income year by \$0.67 per hour
- c) calculate the work-related decline in value of any depreciating assets that you used to work from home during the income year and any other running expenses you incurred which are not covered by the rate per hour
- d) add the amounts calculated at (b) and (c) together - this is the amount you claim as a deduction in your tax return.

To claim a deduction you need to keep an ongoing diary for each day of the year you work from home from March onwards. A four-week diary representative of the year isn't going to cut it. You will also need to keep some records about expenses you incurred while working from home, such as copies of utility bills.

The big mistake some clients make is to do a back of the envelope per hour deduction calculation which goes something like this: 'There's 365 days in the year, subtract weekends, public holidays, annual and sick leave, then assume I worked (say) three out of five days from home for seven hours a day, multiply that by \$0.67.

That's not acceptable to the ATO, which expects individuals to keep records of the time spent working from home and the household running expenses.

Start keeping those diaries now.



Important Dates

March

- 21st - February monthly BAS due for lodgement and payment

April

- 21st - March monthly BAS due for lodgement and payment
- 21st - March quarter PAYG IAS due for lodgement and payment
- 28th - Pay Super Guarantee for quarter 3
- 28th - March quarter BAS due for lodgement and payment

May

- 15th - Due date for lodgement of all tax returns not already lodged
- 21st - April monthly BAS due for lodgement and payment



Bad Debt - What is it? and how to avoid it?

David Hadley

Let's start with a definition of Bad Debt.

Bad Debt is an amount of money a creditor must write off after a debtor defaults. Understanding and incurring bad debt is part of doing business... because there is ALWAYS a risk that payments won't be collected, especially for businesses that extend credit to customers.

In accounting terms, Bad Debt becomes uncollectible and is recorded as a charge-off. There are various ways to estimate how much of receivables may become uncollectible such as the accounts receivable (AR) aging method or the percentage of sales method.

How can you avoid (or manage) Bad Debt? Here are 10 tips.

1. Clearly outline at the outset of a client relationship the expected terms of trade and payment

Sometimes in the eagerness to complete a sale, payment terms are not properly specified. All parties should enter the transaction with absolute clarity on what is expected, especially regarding payment.

2. Send invoices promptly or on a regular date

Inconsistent and inaccurate invoicing encourages poor payment practices. Tighten up your invoicing processes.

3. Constantly remind the customer of all payment options on your invoices or contracts

Make it as easy as possible for customers to pay you. Don't encourage 'excuses' for non-payment.

4. Perform a thorough background check on a business before offering credit

This may involve asking certain questions of the customer (ideally through a structured credit questionnaire) OR you may perform credit checks through a third party. The level of risk being undertaken will determine the best approach for your business.

5. Set sensible customer credit limits

A credit limit is the maximum amount of debt a customer can incur. You want to avoid a situation where a debtor will 'over-extend' and this will vary depending on the product and customer you deal with.

6. Transfer goods only once payments have cleared

Linking the transfer of (some) goods to receiving (partial) payment allows you to retain some leverage. Put another way, if a customer fails to meet their commitments early on (by failing to pay), you want to respond quickly and definitively.

7. Keep regular contact with your customers

Appoint a Customer Manager or Account Manager to monitor your customers, especially changes in their circumstances. Often there are early warning signs which may affect their ability to pay.

8. Incentivise early payment of bills

A small percentage discount can encourage early payment. This also reinforces that you value receiving your cash as early as possible and sets the tone for the relationship.

9. Train your team

The team should completely understand the business's payment terms, client invoicing, and debt recovery procedures. Best to record this in a financial policies and procedures manual.

10. Reward the sales team once money is collected, not when a sale is booked

Create a culture which values cash flow. Get everyone on the same page to avoid Bad Debt.

Most of these tips are easy to apply and small steps can make a big difference in avoiding Bad Debt.



Fringe Benefits Tax (FBT) Reminder

Holly Nuske

The 31st of March marks the end of the FBT year.

Shortly we will be sending correspondence to clients who may need to deal with FBT.

We will also be looking for details of new vehicles purchased between 1 April 2022 and 31 March 2023, along with vehicle odometer readings as of 31 March 2023.



GTP Anniversaries

- ✦ 5th March - Penny Fisher (22 Years)
- ✦ 12th March - Natasha Gardner (21 years)
- ✦ 14th April - Emily Moore (2 years)
- ✦ 19th April - Amanda Schneider (2 years)
- ✦ 29th April - Emma Koschitzke (4 years)
- ✦ 2nd May - Lewis Thomas (1 year)
- ✦ 26th May - Hannah McIlree (9 years)



Paying Employee Super On Time

Jess Sluggett

We have seen an increase in correspondence from the ATO to employers who have paid superannuation after the quarterly due date, as the ATO now receive this information very quickly through STP and SuperStream.

Paying superannuation late might not seem like a big deal, but the *Superannuation Guarantee (Administration) Act* includes provisions that require employers to do the following when payment is made late:

- ❖ Prepare and lodge a Superannuation Guarantee Charge (SGC) statement
- ❖ Pay an administration fee per employee
- ❖ Pay interest to make up for lost earnings in the employee fund

A further penalty applies – the entire amount payable is not tax deductible, the superannuation amount included.

The due dates for superannuation payments are as follows:

Quarter ending	Due date for payment
30 September	28 October
31 December	28 January*
31 March	28 April
30 June	28 July

**Note there is no extension for the December quarter (unlike lodgement of your BAS).*

The due date listed above is the date the ATO expect payments to be received by the employees' superannuation funds, so it is prudent to lodge quarterly contributions 7-10 days before the due date so that your nominated clearing house can receipt and distribute the contributions by the due date.

Also note, there is no ability to apply for an extension to pay superannuation late as the legislation does not allow the ATO to grant an extension.

If you have received a notice from the ATO regarding late paid super, or need to self-report, talk to your Accountant about what you need to do.



Managing savings & minimise spendings for young individuals

Lewis Thomas

As a young individual it can be difficult to manage and save money. There are countless expenses presented to individuals that when managed poorly – are not financially viable. However, there are ways to engage in these activities responsibly and minimise the damage to the bank account. It comes down to self-control, healthy habits, organisation and finding a sustainable balance.

Common examples can include:

- ❖ Eating out/ordering in
- ❖ Online shopping
- ❖ Parties/events/clubbing
- ❖ Travelling
- ❖ Gambling
- ❖ Buy now pay later options
- ❖ Online in-game purchases and more

For young individuals who want to save money fast, it is easy to fall into the trap of setting a goal to save excessively by living a very strict lifestyle, burn out - and give up. It's also common for individuals to get comfortable with their savings and adopt the carefree attitude where they do not track any expenses or set goals. This is NOT economically viable. It is crucial to find a healthy and sustainable balance that allows individuals to enjoy events occasionally whilst still being able to save simultaneously.

Ways to minimise excessive spending

- ❖ Set spending limits – and stick to them! Keep your savings in a separate account not easily accessible to prevent taking out extra money, especially during nights out, social events, while gambling etc.
- ❖ Keep records – it is very easy to lose track of how much you are spending. Especially using an online bank account paying by phone or card as opposed to using physical cash. Keeping records will show how much you actually spend and help adhere to your spending limits.
- ❖ Be organised, plan ahead and research - there are many examples where planning will help you save money such as comparing flight, accommodation and booking services when travelling, planning meals for the week to avoid eating out, organising carpools and designated drivers to save on fuel & taxi costs etc.
- ❖ Save eating out/ordering in for special occasions!
- ❖ Learn your spending habits. Online shopping, in-game purchases & buy now pay later options are intentionally easily accessible to attract the buyer. Ask yourself 'can I really afford this?' Before making any online purchases.



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Successful delegation drives business performance!

Daniel Blay

As Accountants, we like to see our clients operating at high levels of efficiency and generating healthy profits.

Many businesses invest a significant amount in human resources.

One thing that prevents leaders from getting the most from their team is the failure to delegate work. The most successful leaders might demonstrate boldness, clarity, flexibility, consistency, and communication skills... but high on the list is the ability to delegate.

What do we mean by delegation?

Delegation occurs when one team member requires another team member to take on one or more of their tasks.

Why would we delegate?

The main reasons are:

- **Productivity:** The delegating team member is now free to take on other tasks, presumably tasks which add more value to the business. This enables growth and efficiency.
- **Skills:** Some people are more skilled at certain tasks than others. Wherever possible we want tasks allocated to the most skilled people because they will get the best outcomes.
- **Training:** One way to learn a new skill is to practice it. Certain tasks can be delegated to develop the skills of other team members.

So why is delegating difficult?

Delegating means taking risks. Some people will not succeed at tasks delegated to them. That causes frustration for your team and maybe your customers. Time is wasted if tasks need to be redone. This encourages the philosophy that I may as well just do this myself. It'll be quicker.

What are some Best Practices in delegation?

Here are some ideas that may apply to delegation in your business.

1. Explain why the task is important
2. Play to the team members' strengths
3. Set the rules or guidelines
4. Provide resources
5. Make the outcomes measurable
6. Show there are consequences
7. Put things in writing (and follow up)
8. Trust!

Everyone starts somewhere. Even the most accomplished people have failed at certain tasks previously. But somehow they learned, probably because someone entrusted a task to them. Mistakes will be made and patience may be required. A good leader will understand the risk associated with the task and manage this carefully. They will also recognise that there is great value in empowering an employee to do something independently.

There's no doubt that most managers could delegate a lot more work which would free them to focus on more productive tasks. That's good for them and the business as a whole.



Renewing a business name

Holly Nuske

Business names are available to purchase from ASIC for a period of 1 or 3 years. ASIC will send a renewal notice to you 30 days before the business name registration is due. We recommend renewing this direct with ASIC as they will not add any additional costs on top of the renewal fee (currently \$39 for 1 year or \$92 for 3 years).

All correspondence from ASIC will include their logo to prove its legitimacy.

The notice from ASIC will be sent to you via email, but if ASIC does not have your current email address, it may also be delivered to you via post. The notice will include instructions on how to renew your business name.

You can also renew directly on the <https://asic.gov.au> website using the 'Pay now – business name renewals' button the right-hand side.

There are several scams going around in relation to business name renewals, so please be sure you use ASIC directly for any business name enquiries or renewals etc. Alternatively, if you receive any correspondence and are unsure, please feel free to contact the office or come in and see us and we will be able to check it for you.



Schedule your next appointment online

Making a time to see your trusted advisor here at Green Taylor Partners has never been easier.

<https://greentaylor.com.au/schedule-appointment>



Automated Superannuation in Xero – to make your life easier!

Emma Koschitzke

Did you know that you can process your superannuation payments for employees in Xero with the click of one button? If you are already using payroll within your Xero subscription, the next step towards making your life EVEN EASIER, is to start using Xero's Automatic Superannuation function. How to do this...?

Step 1.

You need to be on a 'Premium' or 'Ultimate' pricing plan to have access to the Automatic Superannuation function in Xero. If you are not, simply upgrade your file (trust me – it is worth the extra \$\$).

Step 2.

Register your business for auto super within your existing Xero file. This can be done under the Payroll → Superannuation menu on your Xero Dashboard.

Step 3.

Make sure your Xero file is set up correctly to process auto super payments to employees. This includes allocating a bank account and authorised person to process super payments and making sure employee's super fund details are complete and correct (you will only need to do this once).

Step 4.

Once this is set up, to make super payments, it is as simple as clicking 'Add Super Payment', you will then be presented with a list of all superannuation owing to employees including the due dates of each payment. Simple, select which ones you would like to pay and click 'Submit for Approval'

Step 5.

The allocated authorised person (see Step. 3) will receive a text message with a code to approve the super payment.

Step 6.

Grab a drink and relax, you have paid your super with the click of one button!

For more information on Xero's Automatic Superannuation function please see the link below or get in touch with the team at Green Taylor Partners, we think this is the easiest way possible to pay your super if you are already using the Xero software.

<https://central.xero.com/s/article/Process-superannuation-payments#Processautomatedsuperannuationpayments>



Fringe Benefits Tax (FBT)

Kerry Schultz

A fringe benefit is payment or benefit you provide to an employee or director that is not disclosed on their individual PAYG Payment Summary Statement.

If you operate your business as a company or trust, it is likely the ATO deems you, being the owner, as an employee of that business.

Typical Fringe Benefit Examples:

You may be providing a fringe benefit when you do any of the following:

- ❖ Allow an employee to use a work car for private purposes ie. drive it home
- ❖ Provide entertainment by way of food, drink or recreation to an employee
- ❖ Paying an employee's personal expenses ie. Health Insurance, Medical expenses, etc.

Motor Vehicle Benefits

Generally most motor vehicles, including Utes, are captured here if they are made available for private use to directors and employee's UNLESS it falls under the following:

- ❖ The vehicle is 100% business and stored at the business premises (not home)
- ❖ It is classified as an exempt vehicle

Entertainment Expenses - Meals

A benefit may arise where:

- ❖ An employee/director/associate is provided with food and drink costing more than \$300 that results in that person being entertained ie. Sporting and Concert tickets.

Meals excluded as benefits are:

- ❖ Provided on employer business premises
- ❖ Morning and afternoon teas and light lunches at work
- ❖ Meals at a continuing professional development seminar
- ❖ Minor entertainment e.g. Christmas parties not exceeding \$300 (inc GST) per head

Other Expenses paid on behalf of Employee/Director/Associate

Benefits arise where:

- ❖ An employee/director/associate is provided with payment of personal expenses ie. gym memberships, personal holidays, etc.

Expenses excluded are:

- ❖ Minor benefits not exceeding \$300 (inc. GST)
 - Tools of trade
 - Portable electronic devices i.e. mobiles, laptops, i-Pads, portable printers primarily used in employment



Last Call for Temporary Full Expensing

Ryan Schirmer

The past few years have seen the depreciation rules change several times; 50% upfront deductions for new plant & equipment under the 'Backing Business Investment', increasing the Instant Asset Write to \$150,000 and more significantly, from the 6th of October 2020, including Temporary Full Expensing (TFE), which effectively uncapped Instant Asset Write-Off.

After a few years and some substantial depreciation claims, thanks to full expensing, all good things must come to an end. TFE will end on the 30th of June 2023, and eligible plant & equipment must be installed and ready for use by the 30th of June to take advantage of these measures.

The downside to the TFE will come in the following years as the plant & equipment that has been fully claimed, and now sold, will have no balancing charges or cannot be offset, resulting in 100% profit on sale, so planning for these events will be essential.

At the time of writing this piece, we are still unclear what precisely the Instant Asset Write-Off will look like post-30th of June 2023. We will hopefully get a clear picture from the Federal Budget in early May. We at Green Taylor Partners will be eagerly awaiting these updates in order to notify our clients as soon as we have the details.



Tax File Number Declaration Forms are being phased out

Jess Sluggett

Single Touch Payroll Phase 2 is set to eliminate the requirement to lodge a Tax File Number (TFN) Declaration Form for new employees, as all details will be lodged through STP the first time you pay a new employee.

So how do you collect employee information moving forward?

For employees who have myGov accounts with the ATO linked, there is a new employment form available for them to complete and print for you. This can be found in ATO Online Services > Employment menu > New Employment.

Employers who use MYOB and Xero can invite new employees to complete their details through MYOB Onboarding and XERO Me respectively. More information can be found on the software providers website.

For more information, see the ATO website <https://www.ato.gov.au/forms/tfn-declaration/>



New paid family and domestic violence leave

Lewis Thomas

Are you or someone you know of experiencing family or domestic abuse? You may be entitled to up to 10 day paid leave over a 12-month period.

As of the 1st of February 2023, the Australian Government has made amendments to the 'Fair work act 2009'. To update current entitlements in the National Employment Standards from five days of unpaid family and domestic violence leave in a 12-month period. It will now allow individuals the opportunity to take up to 10 days of paid leave.

Employees who are eligible, are entitled to the full 10 days upfront, meaning they won't have to accumulate it over time. The leave doesn't accumulate from year to year if it isn't used.

The new leave entitlement is available from:

- ❖ 1 February 2023, for employees of non-small business employers
- ❖ 1 August 2023, for employees of small business employers.

Employees can still access 5 days of unpaid family and domestic violence leave until the new paid leave entitlement becomes available to them.

Employees (including part-time and casual employees) can take this paid leave if they need to do something to deal with the impact of family and domestic violence which could include, for example, the employee:

- ❖ making arrangements for their safety, or the safety of a close relative (including relocation)
- ❖ attending court hearings
- ❖ accessing police services
- ❖ attending counselling
- ❖ attending appointments with medical, financial, or legal professionals.

It is important to remember that anyone may be a victim of domestic or family abuse and that services are available. For more information on fair work entitlements visit <https://www.fairwork.gov.au/>



GTP Birthdays

- ❖ 21st March - Daniel Blay
- ❖ 30th March - Kerry Schultz
- ❖ 23rd April - Jodie Mills
- ❖ 17th May - Holly Nuske
- ❖ 17th May - Amanda Schneider
- ❖ 30th May - Penny Fisher



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